

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6470**

**BILL NUMBER:** SB 178

**NOTE PREPARED:** Dec 9, 2010

**BILL AMENDED:**

**SUBJECT:** Outpatient Treatment Requirements.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill prohibits an insurer or a health maintenance organization from requesting substitution of a treatment or limiting the supply of certain drugs. The bill makes a violation an unfair and deceptive act in the business of insurance.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** This bill prohibits an insurer or health maintenance organization from requesting substitution of a treatment or limiting the supply of certain drugs. Under the bill, committing this action constitutes an unfair and deceptive act.

If this bill increases the number of reported unfair and deceptive acts, it may increase the number of hearings the Department of Insurance (DOI) holds to determine if an unfair or deceptive act has occurred.

**Explanation of State Revenues:** If the Commissioner of the DOI finds, after a hearing, that an insurer or health maintenance organization has engaged in an unfair or deceptive act, the Commissioner can order one or more of the following penalties: (1) a civil penalty between \$25,000 and \$50,000 for each unfair or deceptive action and (2) suspension or revocation of an offender's license or certificate of authority.

All money received from civil penalties is deposited into the General Fund. To the extent this bill increases the number of unfair or deceptive act determinations for failing to obtain proper written permission for substitution of treatment for the insured, revenue to the General Fund will increase. Actual increases are indeterminable.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOI.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559